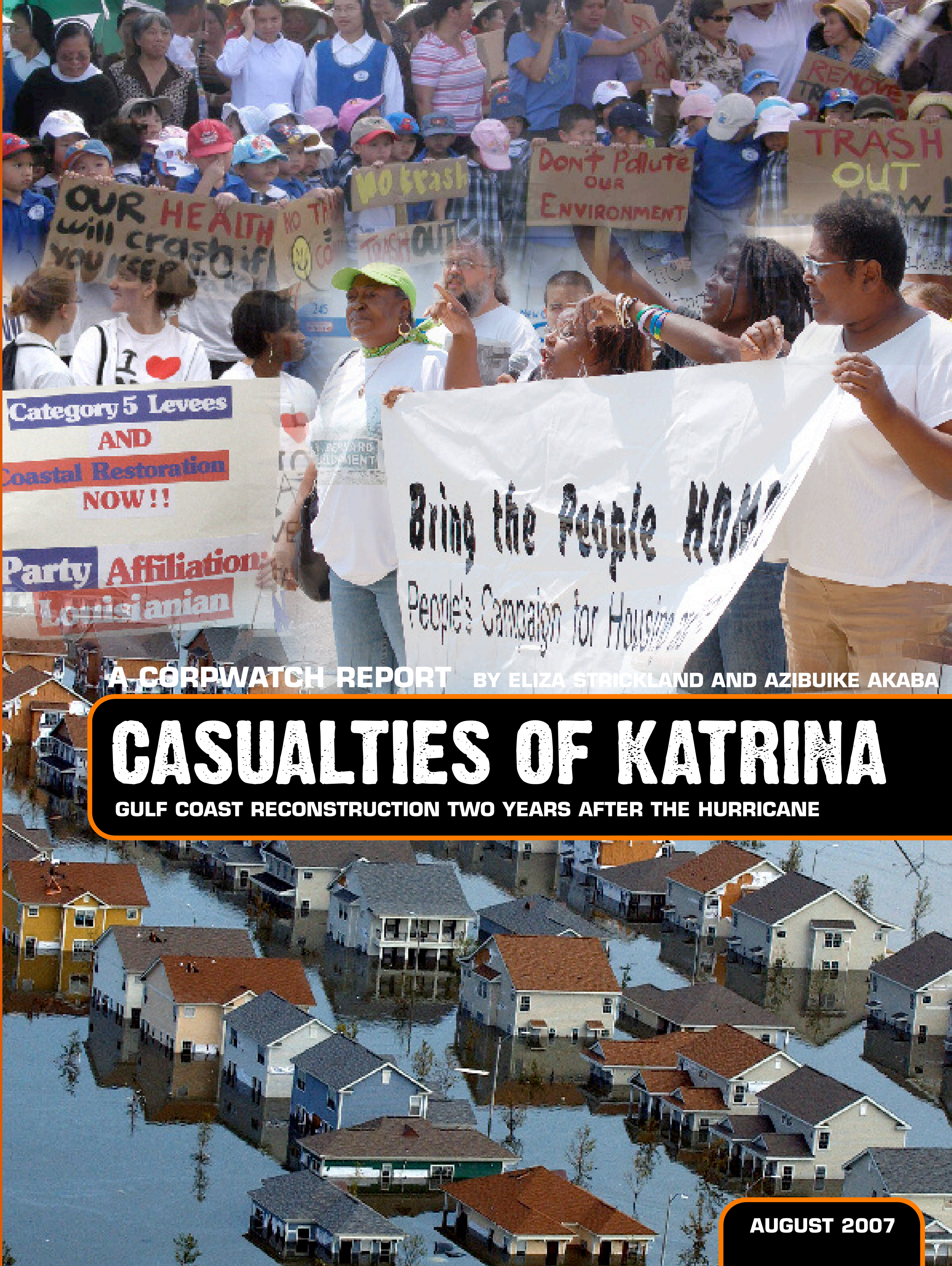
A CORPWATCH REPORT BY ELIZA STRICKLAND AND AZIBUIKE AKABA

CASUALTIES OF KATRINA

GULF COAST RECONSTRUCTION TWO YEARS AFTER THE HURRICANE

AUGUST 2007



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New Orleans, September 4, 2005.
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INTRODUCTION

This CorpWatch report by Eliza Strickland and Azibuike Akaba tells the story of corporate malfeasance and government incompetence two years after Hurricane Katrina struck New Orleans. This is our second report—*Big, Easy Money* by Rita J. King was the first—and it digs into a slew of new scandals.

We have broken the report up into three parts: the struggle by ordinary residents to return home, the major effort to fix the broken Gulf Coast infrastructure, and finally—what the future looks like for a regional revival.

Our first part opens with the story of people who simply cannot afford to return home because Entergy, the giant electricity company based in New Orleans, has jacked up prices; we then visit the people who are waiting for the insurance companies to pay them for the damage their homes suffered. We also visit the lucky few who were promised money to build new homes by the Road Home project, only to discover ICF International, the contractor running the program, has screwed up. The story of Gulf Coast evacuees after Hurricane Katrina would not be complete without looking at Fluor and Shaw, two of the companies who run the often contaminated trailer parks to which many are still confined.

The second part of this report is about the companies who are supposed to be fixing the region and protecting it from future hurricane damage: we look at the failure of Moving Water Industries to install working pumps at the levees, the companies that have profited by dumping the Katrina debris in and around the Vietnamese-American community of Village de l'Est and the refinery owners. We also take a look at the electricity and timber companies who have taken advantage of the emergency aid to expand, rather than limit, the impact of their environmentally destructive businesses.

Our final section looks at the prospects for the future: unexpectedly there has been a boom in the casinos of Biloxi, Mississippi, yet the local shrimping community has failed to recover. There has also been an influx of workers from Latin America but it is hardly because of an economic revival, rather an effort by local businesses to take advantage of the relaxation of labor laws. The same is true of a vaunted expansion in small business contracting that turns out to be a mirage. Last, but not least, Azibuike Akaba examines the evidence: how much of New Orleans should be rebuilt, given the likelihood of future hurricanes in light of growing climate change?

Our report is about the problems that have yet to be fixed. While progress has been made in the states of Alabama, Louisiana and Mississippi, two years after Hurricane Katrina struck, much remains to be done. This is intended as a guide to what has gone wrong, both as a lesson for future disasters as well as a call to support those who are yet to recover.

Rosina Phillipe in front of her house.
Photo by Eliza Strickland

PART ONE: RETURNING HOME

BACK ON THE BAYOU: ELECTRICITY & ENTERGY

Early this August, Rosina Phillipe and Ruby Ancar drove from the government-issued trailers where they are still living two years after Katrina, to a boat landing at the end of a long dirt road. You have to go by boat to get to their tiny town of Grand Bayou, a "wetland community" in Plaquemines Parish, not far from where the Mississippi River empties out into the Gulf of Mexico.

"How you doing, my cousin?" Ancar calls out to the man lounging by the shrimp boats. "We're going out to see Ruby's house," adds Phillippe. They pile into a small aluminum skiff and fire up the outboard motor. A few minutes later, they're chugging down the bayou, which functions as the town's main street. Small wooden houses line both sides of the waterway, and each has a dock instead of a driveway. When neighbors go visiting in this town, they don't walk, they paddle.

Ancar's house, like all the others in Grand Bayou, had to be gutted after the storm. Many families have not even begun to repair their homes, because they don't have the money. And because the insurance companies charge high rates for houses situated in such a vulnerable spot, most of the residents lacked home or flood insurance. Ancar was lucky, though—a contingent of volunteers from Mennonite Disaster Service came this spring and rebuilt her entire house.[1]

Inside, it smells of fresh paint, and the appliances sit waiting in the kitchen. But Ancar can't move in, she says. Entergy Louisiana raised the electricity rates for Grand Bayou, and Ancar says she won't be able to pay the bills.

"That's the only thing keeping me from being home," Ancar says. "So close and yet so far."

Entergy Louisiana sent each of the former residents of Grand Bayou a letter explaining the new rates. Because the power lines for Grand Bayou "travel over water," the letter said, the lines are more expensive to repair and maintain. Grand Bayou residents will therefore have to pay a $70 surcharge every month, and must sign a contract agreeing to the new terms before Entergy will turn on the electricity.[2]

"Seventy dollars may not sound like a lot of money to some people," Phillippe says, "but for us it's impossible." She explains that most people in the community make a modest living from shrimping and fishing; in the off months, there's almost no money coming in at all.[3]

Phillippe says the families in this tight-knit community have lived here for generations; most are descended from the Attakapas Indians who originally settled the area. Phillippe says she doesn't object to the risks of living in a hurricane zone: "There have always been storms in coastal Louisiana, but we always rebound," she says. However, she's upset that Entergy is making it harder for her to live in the place she loves. "What we're facing this time is a political and bureaucratic storm."

Entergy Louisiana did suffer steep financial losses because of Katrina and spent an estimated $545 million to repair and rebuild the grid. But residential customers in other storm-damaged areas aren't facing drastic rate hikes. In a plan approved this August, most residential customers will pay an extra $2 or $3 each month to cover those expenses.[4]

Phillippe says the Grand Bayou families are angry that they have to bear a large portion of the financial burden for Entergy's recovery. "It's my opinion that they don't think we should be living here, so they're trying to drive us out," she says. For now, she and the other residents of Grand Bayou aren't sure what to do next. Ancar locks up her new house and steps back onto the boat, resigned to a few more months in the trailer provided by FEMA (Federal Emergency Management Agency).

One way or another, they'll find a way back home, says Phillippe. "This is where we belong," she says. "We won't leave—it would be a slap in the face to all those who came before us, and thrived."

ENTERGY

New Orleans serves as the corporate headquarters for only one Fortune 500 company: Entergy Corporation, the energy giant with annual revenues of $10.9 billion in 2006.[5]

But when Katrina devastated the New Orleans power grid, Entergy's corporate side quickly distanced itself from the expensive task of repairing the city's infrastructure. Its spokespeople pointed out that the company is divided into many subsidiaries: In Louisiana, it operates Entergy Gulf States in the northern part of the state; Entergy Louisiana in the southern part; and Entergy New Orleans in the city. Because they are all independent companies, Entergy says it is prohibited from sharing the costs of Katrina recovery among the corporation's 2.6 million ratepayers across the South.

Entergy New Orleans declared bankruptcy just three weeks after Katrina hit, and started looking for a federal bail out. The company began the bargaining high, first asking for $718 million,[6] then dropping the request to $592 million.

Initially the head of the federal Gulf Coast Recovery and Rebuilding Council rejected the possibility of handing out federal aid to private corporations. In November 2005, the federal official told Entergy Corporation that it was "inappropriate to transfer taxpayer resources to those investors after the fact for a risk they chose to take."[7]

"Between Hurricanes" documentary. Photo by Stéphane M. Grueso Licensed under Creative Commons

A COZY RELATIONSHIP

New Orleans has an unusual relationship with the private utility that serves its citizens. The city regulates Entergy New Orleans through its city council, rather than giving that responsibility to the state. (Washington DC is the only other city with that arrangement.)

Last year, some New Orleans activists questioned the current system. Filings with the Federal Energy Regulatory Commission showed that the city council spent almost $6 million regulating the utility, which breaks down to more than $32 per customer. In contrast, Louisiana's state Public Service Commission spent $3.3 million policing the much larger Entergy Louisiana and Entergy Gulf States, or $3.37 per customer.[12] Since the city bills the utility for those regulation costs, much of the expense gets passed on to ratepayers.

"You definitely have a flag going up that's begging for inquiry," said Janet Howard, president of the watchdog group Bureau of Governmental Research.[13]

The New Orleans *Times-Picayune* suggested in several editorials that this deal was bad for residents, recommending that Entergy New Orleans merge with one of the larger, state-regulated Entergy subsidiaries.[14]

Several critics have noted that the city council's utility committee only has two employees, leaving much of the work to high-priced consultants. Some worry that handing out those contracts can amount to patronage. "Those consultants are habitual donors to the campaigns of council members and make nearly $4 million a year in council contracts," a *Times-Picayune* editorial said.[15]

Entergy truck in New Orleans. Photo by Kristin Brenemen. Licensed under Creative Commons

In response, Entergy New Orleans pointed out that it was legally allowed to pass on its storm-related expenses to its ratepayers—the struggling citizens who had returned to rebuild New Orleans. The company warned that it might raise rates by as much as 140 percent.

With New Orleans and Louisiana officials desperate to avoid yet another blow to the city's residents, the federal government blinked. The Louisiana government announced its intention of giving $200 million from a federal block grant to Entergy New Orleans, and a Bush administration spokesperson said that while it opposed the move on principle, it would not interfere with the state's decision about how to use the money.[8]

Entergy New Orleans exited bankruptcy in May 2007, after it received the first $171 million of its aid package. The company and city also agreed to work together on lobbying the U.S. Congress to amend the Stafford Act, which governs emergency federal spending. The amendment would permit FEMA to cover Entergy New Orleans's expenses if the city is hit again within the next ten years.[9]

"The issue is the cost of restoration that would be borne by customers in the event of another hurricane," spokesman Morgan Stewart of Entergy New Orleans said of the proposed amendment.[10] "Because Entergy New Orleans is uniquely vulnerable to flooding, the issue is about giving some protection to our customers," Stewart said.

Meanwhile, Entergy Corporation enjoyed a year of record profits. In April 2007, the parent company's stock hit a record high of $117 per share, up 68 percent from the year before.[11]

INSURANCE: STATE FARM

LOUISIANA

One week after Katrina hit, the administrator of the National Flood Insurance Program (NFIP) met with private insurance companies to explain how they could expedite the processing of what would become more than 162,000 flood claims. The government-run NFIP enlisted the insurance companies to estimate damages, and allowed them to take shortcuts—such as basing estimates on satellite photos—in hopes of speeding payments to policyholders.

> **"FEMA gave private insurance companies a free pass to write checks from the government's bank account with no responsibility for their errors"**

But insurance companies allegedly used this system to reduce their own costs and increase profits, by getting the federal government to pay as many of the claims as possible. The companies specifically took advantage of the fact that the federal government has provided flood insurance for homeowners in flood plains since 1968, after private insurers stopped issuing such risky policies. On the other hand, they sought to minimize their payouts for wind damage which is not covered by the government. According to whistleblowers, the private insurance companies simultaneously inflated payments to homeowners on the flood program (which they knew would be repaid by the government) while skimping on payments for wind damage that would have to come out of their own coffers.

"FEMA gave private insurance companies a free pass to write checks from the government's bank account with no responsibility for their errors," said Bennie Thompson, a U.S. Congressman from Mississippi, speaking after an inconclusive hearing on Capitol Hill in Washington DC in June.[16]

The Department of Homeland Security's inspector general is continuing to investigate the allegations. But in Louisiana, a group of former claims adjusters has beat the government to the punch. The whistleblowers, identified only as the Georgia company Branch Consultants LLC, say they re-examined 150 homes that submitted insurance claims after Katrina. In every case, the former adjusters say that flood damage was overpaid, and wind damage was underpaid. Using these allegations, a New Orleans attorney, Allan Kanner, filed a "whistleblower lawsuit" on behalf of the federal government.

Under the rules of whistleblower suits, the plaintiffs from Branch Consultants can be awarded up to 30 percent of the damages won against the insurance companies. Kanner said the plaintiffs would be happy if the federal government decided to take over the prosecution, but that they didn't want to wait to see if that happened. "We thought, on a public interest view, that it ought to be pursued," Kanner told the New Orleans *Times-Picayune*.[17]

The former adjusters allege that for the properties they inspected, the NFIP overpaid 66 percent on average. If that statistic proves true and extends to all of Louisiana's flood claims, the insurance companies could have overcharged the federal government by as much as $9.24 billion.[18]

Hurricane Katrina tossed a boat into this 9th Ward yard. Photo by Patricia Brach, FEMA

In one example, the suit claims that State Farm had the national flood insurance program pay a homeowner $88,280 for flood damages—even though the floodwaters never reached the house. Adjusters from Branch Consultants say that the home actually had $110,918 in wind damage, but because the company shifted blame from wind to water damage, State Farm had to pay only $5,379 on its homeowner's policy. "These kinds of abuses are just unconscionable," Kanner told the *Times-Picayune*.[19]

In another case, the suit says State Farm calculated $45,000 in flood damage to a home in Jefferson Parish, and stated that the flood had damaged the roof—despite the fact that the house got only eight inches of water.[20]

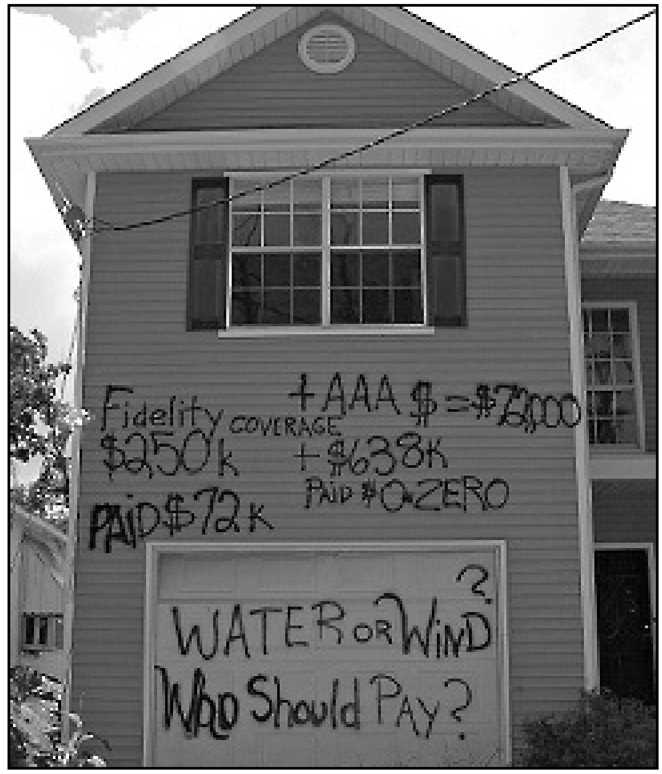
A spokesman for State Farm declined to comment on the pending litigation. In earlier comments to the *Times-Picayune*, a State Farm spokesman denied the allegations. "We feel that we've appropriately handled claims arising out of Katrina, and that we followed NFIP and FEMA guidelines with regards to expediting flood claims," said Fraser Engerman.[21]

In a rare move this June, the federal judge who is handling the case ordered Attorney General Alberto Gonzales to either join the case or appear in court to explain the federal government's lack of involvement. "The United States should be right in there, and not just monitoring it, given as far-reaching and serious as this case is," said the judge.[22] But Gonzales took the latter option, and had his deputies file a response saying that the Department of Justice has not had time to investigate the allegations of fraud.[23]

MISSISSIPPI

In the cases included in the Louisiana whistleblower lawsuit, the insurance companies allegedly reduced their payments to homeowners, knowing that the federal flood insurance program would pick up most of the tab for damages. Many homeowners in Louisiana did have federal flood insurance, because flooding is known as a routine hazard. In Mississippi, however, fewer people have the federal insurance. Many homeowners in Biloxi, for example, didn't believe that they were at risk, and were stunned when Katrina's 25-foot storm surge washed over their houses.

For example, Norman and Genevieve Broussard returned to their Biloxi home after Katrina to find there was nothing left except a concrete slab. When the initial shock wore off, they thought gratefully of their homeowner's insurance, believing that their policy with State Farm would allow them to



Angry Louisiana resident protests insurance company. Photo by Morris Brum. Licensed under Creative Commons

rebuild. State Farm thought differently. The company told the Broussards that their policy covered damage from hurricane's winds, but not "wind-driven water" or storm surge. The company denied the couple's claim entirely, saying that the loss of their house was due only to flooding.

The Broussards sued, arguing that their house was ripped apart by Katrina's winds before the storm surge washed away the remnants, and in January 2007 they won not only the $223,292 they claimed under their insurance policy with State Farm, but also $2.5 million in punitive damages.[24] Although the judge later reduced the damages to $1 million, the jury's decision to punish State Farm reflects the anger many Gulf Coast residents feel toward insurance companies. The Broussards were not the only ones who thought they had been cheated.

State Farm, as the largest insurer in Mississippi, has been the target of most of the anger and the subsequent lawsuits. "Katrina was devastating, but so was State Farm," whistleblower Cori Rigsby told ABC News.[25]

Most of the Mississippi lawsuits have been handled by Oxford lawyer Richard Scruggs, who made a name for himself successfully suing tobacco companies in the 1990s. He took on more than 1,500 clients with storm-damaged homes—including his brother-in-law, U.S. Senator Trent Lott (a Republican from Mississippi)—and sued State Farm, Allstate and several other insurance companies. In early 2007, Scruggs agreed to settle 640 cases against State Farm, on condition that the company pay $80 million to the policyholders. As a result of the settlement, civil and criminal lawsuits against State Farm brought by Mississippi's attorney general were also dropped.

Scruggs' cases have been aided by Cori and Kerri Rigsby, two sisters from Ocean Springs, Mississippi, who worked for E.A. Renfroe, a contractor that State Farm hired to manage claims. The sisters secretly copied thousands of pages of internal State Farm claims records and turned the documents over to Scruggs, as well as to state and federal authorities. The Rigsby sisters say the documents show that State Farm defrauded policyholders, manipulating engineering reports to conclude that damage was caused by rising water and therefore allowing the company to deny the claims.

"They instructed the adjusters to max out the flood," Scruggs said in a May speech to attorneys with the Louisiana Association for Justice. "It's literally a license to steal."[26]

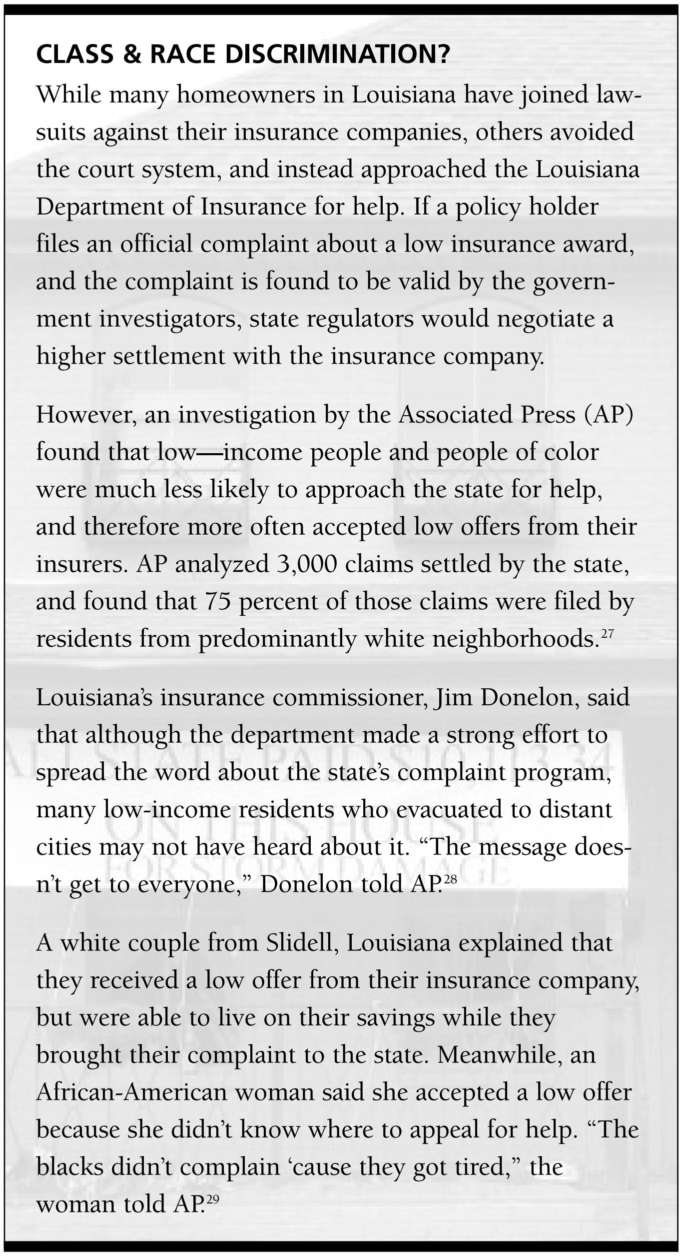
CLASS & RACE DISCRIMINATION?

While many homeowners in Louisiana have joined lawsuits against their insurance companies, others avoided the court system, and instead approached the Louisiana Department of Insurance for help. If a policy holder files an official complaint about a low insurance award, and the complaint is found to be valid by the government investigators, state regulators would negotiate a higher settlement with the insurance company.

However, an investigation by the Associated Press (AP) found that low—income people and people of color were much less likely to approach the state for help, and therefore more often accepted low offers from their insurers. AP analyzed 3,000 claims settled by the state, and found that 75 percent of those claims were filed by residents from predominantly white neighborhoods.[27]

Louisiana's insurance commissioner, Jim Donelon, said that although the department made a strong effort to spread the word about the state's complaint program, many low-income residents who evacuated to distant cities may not have heard about it. "The message doesn't get to everyone," Donelon told AP.[28]

A white couple from Slidell, Louisiana explained that they received a low offer from their insurance company, but were able to live on their savings while they brought their complaint to the state. Meanwhile, an African-American woman said she accepted a low offer because she didn't know where to appeal for help. "The blacks didn't complain 'cause they got tired," the woman told AP.[29]



This Lakeview home on the 17th Street Canal was worth $500,000. Photo by Prince Roy, Licensed under Creative Commons

"ROAD HOME" PROGRAM

One year after Katrina, in late August 2006, Louisiana Governor Kathleen Blanco triumphantly opened one of the first offices for Road Home, the massive federal assistance program to help residents rebuild their shattered houses. "This is a homeowner's dream," she said proudly. "We don't need another nightmare."[30]

Unfortunately, another nightmare is exactly what homeowners got. Applicants spent the next year mired in bureaucratic red tape, struggling to document their claims, and angrily fighting back when the program threatened to shortchange them. Now, two years after Katrina, only 25 percent of Louisiana's eligible applicants have collected housing grants, compared to 83 percent of applicants in neighboring Mississippi.[31]

Much of the blame for the slow progress has been laid at the feet of ICF International, the Virginia consulting company that was awarded a $756 million contract to run the $7.5 billion Road Home program, as well as an $869 million rental aid program. Critics have pointed out that the Louisiana contractor is getting nine percent of the total housing aid budget, while the Mississippi contractor, the Resnick Group, got two percent, or $48 million, to manage that state's $3 billion housing program.[32]

ICF's fat contract probably wouldn't have become an issue if the grants had been doled out promptly and without undue hassle, as the governor promised. Instead, most homeowners are still waiting for their checks, and are beginning to worry they will never arrive. This spring, the state realized it is facing the unhappy prospect of a shortfall estimated at $5 billion. Unless the U.S. Congress opens the purse once

President George W. Bush and Louisiana Governor Kathleen Babineaux Blanco at FEMA Baton Rouge office in September 2005. Photo by Win Henderson, FEMA

more, an estimated 50,000 eligible applicants, out of a total of more than 180,000, may not receive their checks.[33]

The administrators of the Road Home program began to infuriate homeowners a few scant months after it was inaugurated. In autumn 2006, ICF began sending out "preliminary award letters" to defuse criticisms that it was moving too slowly. Filled with disclaimers, they promised neither a definitive amount of money nor a time line for delivery. And even though the letters avoided most specific details, the company still had to admit that about a quarter of them contained errors.[34]

For weary homeowners, the letters seemed like just another vague promise that federal aid was on its way: "There are so many loopholes and caveats, it really doesn't say anything," one resident told the *Times-Picayune*.[35]

The "final award letters" that began going out in late November weren't much better, as Saul and Mildred Rubin learned. The husband and wife, both in their 90s, moved to a retirement community after the storm destroyed their Lakeview house with nine feet of flood water. The couple was determined to move back home, and eagerly awaited the award letter.

What arrived was a rude shock. It started well enough, with a cheerful "Congratulations!" but went on to say that since their 2,000 square-foot home had only suffered $550 in damage, the Rubins did not qualify for a rebuilding grant.[36]

The Rubins' son, who became a public critic of ICF as he fought on his parents' behalf, said that because they lacked homeowner's insurance, the couple was counting on the Road Home money to restore their house. He said the house actually suffered tens of thousands of dollars worth of damage. "They're terrified," Alan Rubin told the *Times-Picayune*. "All of their cash in the world was tied up into the value of this house."[37]

What's more, Rubin and other outraged applicants reported that they were discouraged from filing official appeals. They were told that appealing would delay their grants indefinitely because ICF had not devised an appeal system. Months later, when the $5 billion shortfall became apparent, ICF employees warned applicants that those who appealed risked getting nothing.

State and federal lawmakers have repeatedly questioned ICF International's performance. U.S. Senator David Vitter, a Republican from Louisiana, called the Road Home project a "debacle," and suggested that ICF was profiting handsomely while Louisiana homeowners suffered. "I've begun to look at in detail the ICF contract and I'm startled at what's in it," he told the New Orleans television station ABC26. "The dollar amounts, [include a] $19 million travel budget. ... It's just staggering to me, and I don't get it."[38]

Meanwhile, in Baton Rouge, the Louisiana House of Representatives approved a resolution by 97-1 in December, demanding that Governor Blanco cancel ICF's contract. The bill's sponsor called ICF's sluggish performance "morally reprehensible."[39] Blanco rejected the idea of firing the firm, saying that would only cause more confusion and delays.

Road Home spokespeople have maintained that there is no systemic pattern of problems with award offers, and say that some kinks are inevitable in a housing aid project of unprecedented scale.

But this summer, the governor's office finally tired of the excuses. On July 31, the state signed a strict new agreement with ICF, demanding that at least 85 percent of all eligible applicants receive their final award letters, and that 90,000 people receive their checks by the end of 2007. The company faces millions in fines if it does not comply.[40]

New Orleans residents worry that the bureaucratic stalling may have already wreaked havoc on the beleaguered population. "My concern is, the people we need in this city are going to say, 'Screw it,' and leave," Alan Rubin said.[41]

TRAILER PARKS AND TARPS: THE SHAW GROUP

By Sam Finn Cate-Gumpert

In a burst of optimism, residents of the country's largest FEMA temporary trailer park for Katrina evacuees named their housing site "Renaissance Village." The virtual town of over 500 trailers is run by the Keta Group on behalf of the Shaw Group, a major construction company based in nearby Baton Rouge, the state capitol. Set on a 62-acre field in Baker, Louisiana, it has a basketball court, a tent for community activities, laundry rooms and a playground. Carol Spruell of Catholic Charities called it the "Taj Mahal" of FEMA parks.[42]

But two years later the "renaissance" that residents dreamed of has yet to materialize. Many feel isolated, abandoned and simply want to return home. During the first year after Katrina, residents were already speaking of an oppressive, prison-like atmosphere. The site is surrounded by a chain-link fence and protected by armed guards. Residents had to wear identification badges at all times, while security guards blocked all outsider access to the camp and prohibited residents from giving interviews.[43]

Drug use has become rampant, with some trailers used exclusively as drug distribution centers. Furthermore, one resident, Michael Whins, told *225 magazine*, a local Baton Rouge paper, that Keta employees took "the lion's share of donations intended for park residents" such as kids' bikes.[44]

And recently it turned out that the toxic atmosphere was a literal as well as metaphoric description. The trailers were recently reported to be contaminated with formaldehyde, a known carcinogen.[45]

The Shaw Group provided services in the Gulf Coast under previously existing contracts with the U.S. Army Corps of Engineers, the National Aeronautics and Space Administration, Jefferson Parish and other local government agencies. Immediately following the hurricane, it won no-bid contacts from the Army Corps and FEMA to assist in the dewatering of New Orleans and to provide temporary housing for displaced families and individuals.[46]

Shaw's trailer–park contracts are not the only controversial ones. In a May 4, 2006 memorandum, the U.S. House of Representatives Government Reform Committee—which looked at negligence, wastefulness and over-billing in several different kinds of work—singled out Shaw's performance as problematic.

Thousands are far from their former homes living in FEMA trailer parks. Photo by Justin Maxon, Flickr

The committee's report examined the so-called "Blue Roof" contracts, where destroyed roofing was to be replaced with blue plastic tarpaulins. When the work was carried out at all, the committee found "consistently inflated charges and unsatisfactory supervision and oversight."[47]

A month after Katrina hit, inspectors with the Army Corps showed up at one work site where Shaw was supposed to have replaced roofing with the blue tarpaulins, and found that "there was no blue roofing plastic installed despite the contractors assertion of completion." In another location, the Army Corps documents how Shaw "listed 4 times as many square feet covered than was actually covered." The Army Corps also reported that "[Shaw's] failure to maintain adequate inspection and quality—control procedures over its roofing subcontractors and crews has a compounded effect in potentially harming the government." All of the seven locations visited by inspectors were deemed entirely inadequate, and "scheduled for rework."

The company even billed for the same work another contractor, LJC, had done. Out of the 11 buildings auditors sampled, 50 percent showed overcharging.

Critics say that it was Shaw's high-powered connections that helped it win lucrative no-bid contracts immediately after Katrina. The company's chief lobbyist is Joe M. Allbaugh, of Allbaugh Company LLC, a former FEMA director (he retired right before the disaster) and long-time Bush supporter. Shaw Group executive vice president, Edward Badolato, was deputy energy secretary under both Presidents Ronald Reagan and George Bush senior.

Perhaps that's why Badolato sounded so confident when he addressed a group of lobbyists and corporate executives attending the Katrina Reconstruction Summit in Washington, D.C. There was no need to worry about getting work in the Katrina-devastated South, he assured the eager contractors, “there’s going to be plenty for everybody down there.”[48]

Soon after that remark, Shaw was awarded an initial $100 million no-bid contract that was later expanded. Three other corporations (Bechtel, CHM2Hill and Fluor) won similarly lucrative contracts. Today each of those contracts is worth almost $1 billion.[49]

The charges of possible cronyism and flawed work are vigorously denied by company CEO Jim Bernhard, who founded the Shaw Group in 1987. Bernhard has overseen the company’s growth from a small pipe fabricator in the energy and chemical industries to a major multinational with approximately 20,000 employees and 170 offices in strategic locations around the world. He argues that Shaw was the logical choice for this work, given the fact that the company specializes in disaster recovery and is the largest corporation in the state.

At a November 2, 2005, hearing of the U.S. House of Representatives Select Katrina Response Investigation Committee, Bernhard told lawmakers: “These emergency response contract awards were not made without consideration of previous Shaw experience. .... Shaw had the capability, Shaw had the capacity. Shaw was participating in an ongoing solicitation process, but urgent circumstances demanded urgent acquisitions which resulted in the awarding of these contracts, which for the most part are being performed by local subcontractors under federal cost—accounting standards and subject to the most stringent of audit requirements.”[50]

These four major contracts are now under investigation by the Department of Homeland Security inspector general. A final report on each company will released in two to three months [fall 2007].[51]

FLUOR

In the weeks and months following the storm, FEMA doled out lucrative, no-bid contracts to politically connected companies. Texas-based Fluor Corp., one of the largest procurement and construction companies in the world, was one of four companies awarded contracts worth $400 million each to provide the ubiquitous “FEMA trailers” to homeless residents.[52] The Fluor Political Action Committee donated more than $500,000 in the 2006 election cycle; when it gave directly to U.S. Congressional candidates, 74 percent of its campaign contributions went to Republicans.[53]

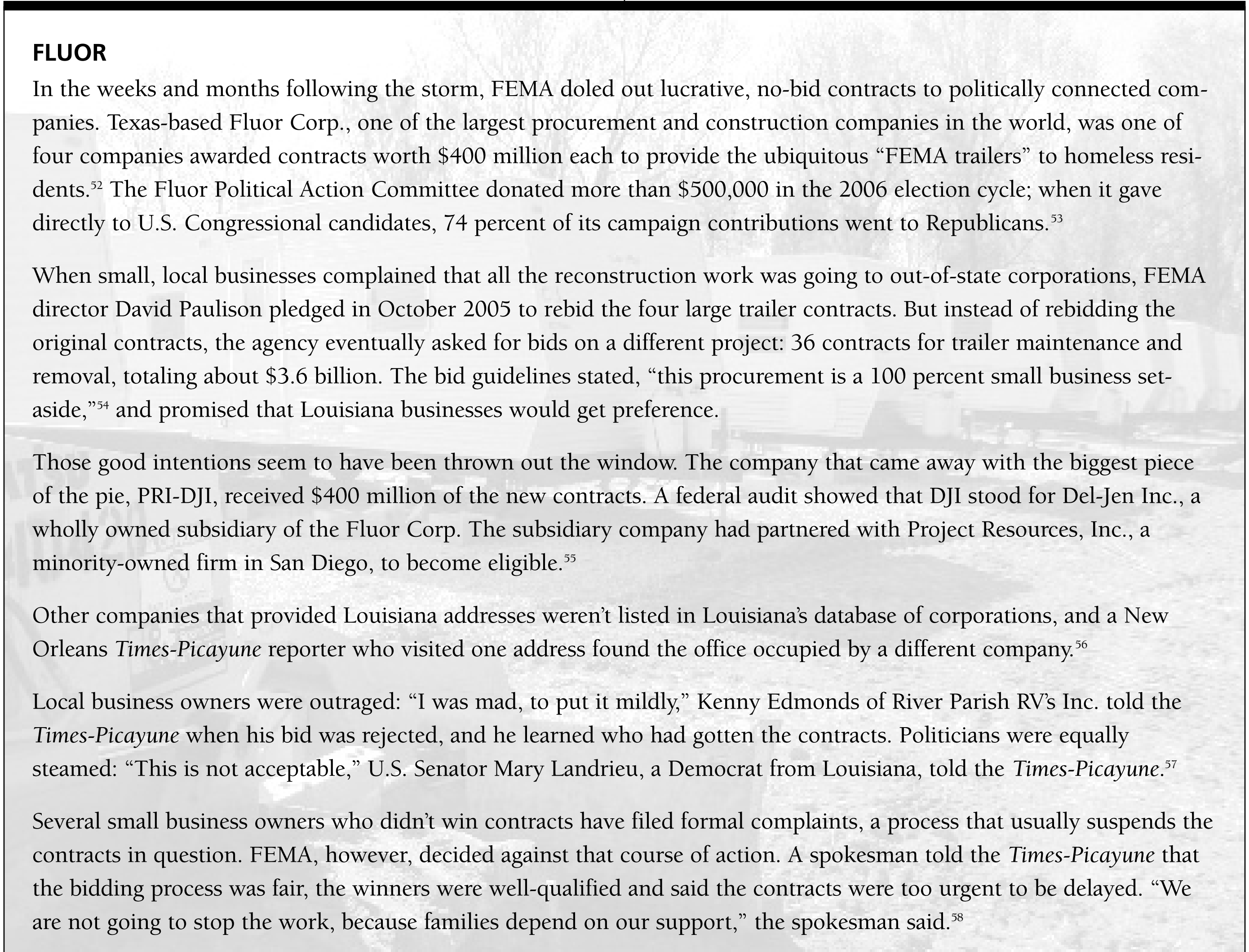
When small, local businesses complained that all the reconstruction work was going to out-of-state corporations, FEMA director David Paulison pledged in October 2005 to rebid the four large trailer contracts. But instead of rebidding the original contracts, the agency eventually asked for bids on a different project: 36 contracts for trailer maintenance and removal, totaling about $3.6 billion. The bid guidelines stated, “this procurement is a 100 percent small business set-aside,”[54] and promised that Louisiana businesses would get preference.

Those good intentions seem to have been thrown out the window. The company that came away with the biggest piece of the pie, PRI-DJI, received $400 million of the new contracts. A federal audit showed that DJI stood for Del-Jen Inc., a wholly owned subsidiary of the Fluor Corp. The subsidiary company had partnered with Project Resources, Inc., a minority-owned firm in San Diego, to become eligible.[55]

Other companies that provided Louisiana addresses weren’t listed in Louisiana’s database of corporations, and a New Orleans *Times-Picayune* reporter who visited one address found the office occupied by a different company.[56]

Local business owners were outraged: “I was mad, to put it mildly,” Kenny Edmonds of River Parish RV’s Inc. told the *Times-Picayune* when his bid was rejected, and he learned who had gotten the contracts. Politicians were equally steamed: “This is not acceptable,” U.S. Senator Mary Landrieu, a Democrat from Louisiana, told the *Times-Picayune*.[57]

Several small business owners who didn’t win contracts have filed formal complaints, a process that usually suspends the contracts in question. FEMA, however, decided against that course of action. A spokesman told the *Times-Picayune* that the bidding process was fair, the winners were well-qualified and said the contracts were too urgent to be delayed. “We are not going to stop the work, because families depend on our support,” the spokesman said.[58]



FEMA travel trailers in Baton Rouge.
Photo by Robert Kaufmann, FEMA

Pump test at the 17th Street Canal.
Photo: Moving Water Industries

PART TWO: REPAIRING THE REGION

LEVEES: MOVING WATER

Since Katrina's waters crumbled the levees in six places within New Orleans, the federal government's first priority has been to restore the system of flood protection, building walls and levees that are stronger than before. Many of the projects are proceeding on schedule, and local companies are grateful that the Army Corps has awarded many construction contracts to small, woman-owned and minority-owned firms.

But according to local watchdogs, protecting the citizens of New Orleans hasn't always been the highest priority when federal money intended for storm protection is doled out. In one case, the politically connected Moving Water Industries won a lucrative contract and proceeded to bungle an important job. In another case, the Army Corps has spent its resources pursuing a project that benefits private industry, but does nothing to protect New Orleans citizens.

CATASTROPHIC FAILURE

One crucial weakness in the city's defenses, exposed by Katrina, is the canals that run through residential neighborhoods all around New Orleans. Storm-whipped water from Lake Pontchartrain surged up the 17th Street Canal in the city's Lakeview neighborhood, ripped a two-block-long breach in the canal levee wall, and flooded Lakeview homes with up to 14 feet of water. The London Avenue Canal was also breached, inundating the Gentilly neighborhood.

To prevent these catastrophes from recurring, the Army Corps installed massive floodgates at the mouths of three canals, which could be closed during a hurricane to prevent lake water from rushing in. The floodgates at the London Avenue, Orleans Avenue and 17th Street Canals were in place by the summer of 2006, but that raised a second concern. The canals also collect rainwater and runoff during storms, and that water would be trapped inside the canal by the flood walls, creating the possibility that the collected water would breach or overtop the levees.

The Army Corps promised to put pumps in the canals in time for the 2006 hurricane season, so excess water could be pumped over the floodgate and into the lake. That the Army Corps met its deadline was rendered meaningless by the fact that the pumps didn't work, and as internal documents later showed, the Army Corps was well aware of that failure.

The pumps were custom-designed and built by Moving Water Industries Corporation (MWI) of Deerfield Beach, Florida, which won the $26.6 million contract after competitive bidding. MWI is owned by J. David Eller, who was once a business partner of former Florida Governor Jeb Bush. (From 1989 to 1993 the two operated the company Bush-El, which marketed MWI pumps.)

A 72-page memo dated May 2006, which came to light in spring 2007, details a multitude of mechanical problems exposed during the quality—assurance testing. Maria Garzino, an Army Corps mechanical engineer who was overseeing the testing, wrote that the pumps were defective, and experienced "catastrophic failure" even when tested under easy conditions. They would certainly break down, she wrote, "should they be tasked to run under normal use, as would be required in the event of a hurricane."[59]

Despite Garzino's strong warnings, the pumps were installed in the summer of 2006. The Army Corps then spent the next year hauling them out of the water, studying their mechanical problems and rebuilding their motors.[60]

U.S. Senator Mary Landrieu requested a federal audit of the contract and the work done by MWI; the Army Corps also conducted its own internal report. In addition to the technical problems both reports identified, the Army Corps report also documented accounting irregularities: Auditors found examples of double billing, and billing for pump testing that was not performed.[61]

MWI has categorically denied the allegations that the pumps it manufactured were seriously flawed. A post on the company's website notes that the company had less than 125 days to manufacture the pumps, and says that the problems that became apparent after installation have been fixed. The post takes issue with the memo produced by Garzino, calling it "inflammatory, incomplete, misleading, inaccurate, and somewhat contradictory."[62] A spokesman for the company also pointed out that the audit conducted by the Government Accountability Office concluded that MWI won the contract because it was the only bidder that had previously constructed such large pumps.[63]

Army Corps Colonel Jeffrey Bedey, who is overseeing levee reconstruction, has argued that it was better to put in pumps that weren't fully functional than to face the storm season with no pumps at all.[64]

But locals haven't bought that excuse. Matt McBride, a local resident and mechanical engineer who became one the Army Corps' harshest critics, argues that the Army Corps' mistakes were putting the neighborhoods around the three canals at greater risk.

"The only true solution to keep the [flood] gates from drenching New Orleans is to fire the Corps," he told the New Orleans *Times-Picayune*.[65]

SKEWED PRIORITIES

While the 17th Street, Orleans Avenue and London Avenue Canals punctuate the northern neighborhoods of the city, the entire eastern side of the city is split by the Industrial Canal, which runs from Lake Pontchartrain to the north to the Mississippi River to the south. During Katrina, the breaches in the levees along the Industrial Canal wrought some of the worst destruction in the city—the flooding of the Lower 9th Ward, which covered parts of the neighborhood with 10 feet of water and washed a barge onto a city street.

The area still looks vacant, with cement slabs to mark where houses used to stand. But Pam Dashiell, president of a local neighborhood association, says she's proud that people are returning to rebuild the Lower 9th Ward. "In June of 2006, we counted 60 people who had returned," she says. "At this point, in our Lower Nine, there are maybe 1,500 people."[66] Yet the residents' commitment to the city hasn't been matched, Dashiell says; the Army Corps is distracted from its vital work on the levees by a project that would primarily benefit a wealthy and connected shipbuilder.

While the Army Corps has been working feverishly to strengthen the levees, neighbors say it is also spending money on a foolhardy project that it planned for decades: the widening of the 83-year-old lock on the Industrial Canal.

The price tag for the project is a whopping $764 million.[67] While that money isn't coming from the federal aid set aside for levee repairs, local activists worry that allocating so much money for the lock project will make the U.S. Congress hesitant to approve more big-ticket projects to

New Orleans 9th Ward Levee damage. Photo by Marvin Nauman, FEMA

London Avenue Canal breach repair. Photo by John McQuaid, Flickr

protect New Orleans, such as additional levee repairs or coastal restoration projects. They are also concerned about the environmental impact of dredging the contaminated sediment at the bottom of the canal.

Residents who live near the canal have been fighting the projects for decades, says Dashiell. "But since the storm there's been an added urgency," she says. "So much money is needed to make the neighborhood safe and to restore the coast." [69]

Dashiell says she wants the project cancelled entirely, and says all of the Army Corps' resources should be dedicated to preventing another disaster such as Katrina. "There's no safety aspect to the lock project at all," she says. "It's a maritime project for the benefit of the maritime industry." [70]

The biggest beneficiary will be Bollinger Shipyards, Inc.—the only shipyard with a repair dock on the north side of the lock. Bollinger's CEO, Donald "Boysie" Bollinger, served on the Board of the Port of New Orleans, the project sponsor, until 2002. This CEO also has friends in high places. He served as the Louisiana chairman of President George W. Bush's 2000 campaign, and in 2004 he bundled more than $300,000 in individual contributions for the president's re-election bid. The two men have gone rabbit hunting together. [71]

The politically powerful company has a history of getting government subsidies for its projects, on the assumption that its facilities provide good jobs for New Orleanians. In 2005, the state spent $10 million building Bollinger a dry dock, and also planned to build a $20 million shipyard where the company could work on Navy projects. (This plan was put on hold when Navy orders slowed.)[72]

The Port and the Army Corps have justified the lock expansion, saying that the aging facility is causing long delays as traffic increases on the canal. But the watchdog group Taxpayers for Common Sense has taken issue with the Army

PUMP HOUSE SCANDAL

In Jefferson Parish, just west of New Orleans, Parish president Aaron Broussard took most of the public blame for the flooding that destroyed scores of homes. It was Broussard who ordered workers to evacuate the pump stations that were meant to pump floodwater out of the streets and into canals. Citizens were outraged that he ordered their last defenders to flee, and Broussard has tried to make amends by pushing for the construction of a series of "safe rooms," fortified structures at each pump station, where workers could shelter.

The parish council awarded a contract to the engineering firm Kyle Associates to design and inspect the safe rooms, and another to Cajun Constructors to install them. However, Cajun Constructors failed to inform the council that it partially owned Kyle Associates—meaning that one firm would be inspecting the work of its sister company, a practice forbidden by state law.[77]

Council members quickly cancelled all contracts with both companies, amid outraged comments: "For them to intentionally not obey the law is shocking," said councilwoman Jennifer Sneed. "It is especially shocking considering how important and time-sensitive this project is." [78]

Sneed also considered submitting a complaint to the State Ethics Board, but changed her mind when she learned that the board's executive director, Gray Sexton, is also the private attorney for Cajun and a registered agent for Kyle.

Even before the council canceled the two contracts, Sexton plunged into the debate, sending a letter to them stating that the parish attorney had misunderstood the state law at issue, and accusing the council of trying to "punish a contractor who has done nothing wrong." [79]

One year later, in July 2007, the Louisiana legislature passed an ethics reform bill, barring the head of the ethics board from taking any paid work outside his state job. The next day, Sexton quit his job as executive director of the board, and was immediately rehired as a paid advisor. "That is just the ethics board having worse ethics than the people they are trying to police," said William Daniel IV, the state Congressman who authored the ethics bill.[80]

Pumping station, New Orleans. Photo by Jocelyn Augustino, FEMA

Corps' sunny assessment that traffic on the waterway had grown by 50 percent since 1998. In a 2004 report, the group claimed that traffic had actually decreased by 50 percent in that period. [73]

Neighborhood groups fighting the project in federal court since 2003 got a break last October, when the judge ordered the Army Corps to complete a new environmental impact review. The Army Corps "should revisit the project in light of recent catastrophic events," wrote the judge. [74]

This spring, a coalition of environmental, community and taxpayer watchdog groups issued a call to abandon the lock expansion once and for all. It appears that Louisiana politicians are finally listening. U.S. Senator David Vitter, a Republican from Louisiana, told the *Times-Picayune* that although traffic at the New Orleans Port was important to the area's economic recovery, the reality is that "without proper hurricane protection, we will not have a port system."[75]

"We are billions of dollars short in levee funds that are critical to our hurricane protection," Vitter said. [76]

DEBRIS: SURROUNDED BY DUMPS

The road to the Vietnamese community of Village de l'Est travels the length of New Orleans East, one of the areas hit hardest by Hurricane Katrina. For miles, the Chef Menteur Highway is flanked by blasted strip malls and destroyed neighborhoods, full of derelict buildings that have yet to be demolished two years after the storm.

In contrast, Village de l'Est is a vision of freshly painted houses and tidy flower gardens. The citizens returned and rebuilt their houses long before the residents of other similarly devastated areas. The last FEMA trailer park in Village de l'Est, across the street from the Mary Queen of Vietnam Church, will be dismantled this fall.

But the neighborhood's revival is marred by several unwelcome additions: After Katrina, the city opened two landfills by emergency decree, and contractors illegally dumped piles of debris into vulnerable wetlands. Almost all of the detritus from New Orleans' thousands of demolished houses now surrounds this Vietnamese community.

"It's a preposterous situation," says Reverend Vien The Nguyen, the local pastor. "This is one of the communities that has recovered the best, but we are the ones who have to shoulder that burden." [81]

In April 2006, New Orleans Mayor Ray Nagin issued an emergency zoning order, allowing the company Waste Management, Inc. to open a landfill on Chef Menteur Highway without going through the usual permitting procedures. The dump site is bordered by the Maxent Canal that the Vietnamese residents use for fishing and aquatic gardening. Residents were horrified to learn that rainwater and groundwater seeped into the landfill, mixed with toxic building materials and household chemicals, and was eventually pumped by Waste Management into the canal.

Chef Menteur protest. Photo by Darryl Malek-Wiley, Sierra Club

A federal audit later revealed an unseemly agreement that allowed the opening of the Chef Menteur site. The city issued a zoning waiver to Waste Management in exchange for a 22 percent share of the landfill's profits.[82] Auditors from the Department of Homeland Security concluded that because the federal government was reimbursing Waste Management for the costs of debris disposal at the time, the city was essentially helping itself to an unauthorized federal grant. This tit-for-tat arrangement infuriates Nguyen. "It was money that drove the situation," he says. [83]

The Vietnamese community, joined by several environmental groups, mounted a grassroots campaign to get the dump closed. They pressured and embarrassed the mayor during a tight re-election race, and in August 2006, Nagin issued a "cease and desist" order to shut down the Chef Menteur site.

That same month, Waste Management sued the state Department of Environmental Quality (DEQ), demanding the reopening of the landfill, and arguing that the company had a "vested right" to continue operating the site. [84]

The weight of the added debris, which can be stacked to a height of 25 feet, might force contaminated water out of the landfill and into the ground water

A federal judge rejected its claim in October of 2006,[85] but the fight over Chef Menteur isn't finished. Nguyen says that the permit issued to Waste Management required the company to restore the land to its original state if it failed to get a permanent permit to operate the site. In Nguyen's opinion, that means the company should remove every scrap of debris it deposited, and remediate the soil. Instead, the company has proposed covering the dump with a synthetic liner and three feet of dirt. "We'll go back to court if we have to," says Nguyen.[86]

FUTURE SUPERFUND?

The second permitted dump in New Orleans East is no less controversial and it is still operating. The Old Gentilly landfill was opened in October 2005 on top of an old landfill that state regulators had shut down in the 1980s. It quickly became the busiest dump in the region, and by March 2007 had generated $33 million in fees[87] for its operators, local companies Metro Disposal Inc. and AMID Landfill LLC.

But environmentalists and local residents worried about piling new debris on top of the old landfill, an unlined pit that holds many hazardous substances that are no longer allowed in landfills. The weight of the added debris, which can be stacked to a height of 25 feet, might force contaminated water out of the landfill and into the ground water, environmentalists said. Even FEMA appeared concerned. The agency commissioned an independent report on whether the site might someday be deemed a Superfund hazardous waste site. The federal government could be "exposed to a high risk of future environmental liability," the report concluded.[88]

In May 2007, several community groups sent a letter to the city planning commission arguing that the Old Gentilly landfill was operating without a proper permit. "When it closed in the 1980s, it lost its conditional zoning permit," explains Darryl Malek-Wiley of the Sierra Club's Louisiana chapter. "We're arguing that it's illegally open at the current time, and we're trying to get the city council to vote to shut it down." [89]

NO RECEIPTS NECESSARY

There is no debate over the illegality of dumping along Almonaster Boulevard. Once a scenic drive, the East New Orleans road is bordered on both sides by fringes of cattail rushes and cypress trees, standing in water painted bright green by floating plants and algae. But now, the landscape is dominated by walls of rusty cars, pulled out of flooded New Orleans neighborhoods and stacked on top of each other. This road near Village de l'Est is the epicenter of illegal dumping, a problem that existed before Katrina, but grew drastically worse after the storm.

The state DEQ has recently cracked down, dragging toppled school buses and shipping containers across the driveways that branch off Almonaster Boulevard, and blocking access to the wetland dumps. But the agency has had only limited success in identifying and bringing charges against the dumpers. Some of the violators are small-time demolition workers avoiding the fees at permitted dumps. But in at least two cases, state authorities have identified dumpers as sub-contractors for larger companies that have received big contracts from FEMA and the Army Corps.

Broadmoor LLC, a large Louisiana construction firm, won an Army Corps contract to do part of the demolition work on the old army barracks that serve as headquarters for the Louisiana National Guard. (The entire demolition and reconstruction effort for the barracks will cost $200 million;[90] Broadmoor received an undisclosed piece of that contract.) Broadmoor then subcontracted the debris removal to Hamp's Enterprises, a local New Orleans company.[91] The drivers for Hamp's filled up their dump trucks at the barracks, then brought their loads to a huge, illegal dump off Almonaster Boulevard that covers roughly 20 acres, thus saving their company thousands in dump fees.

Gentilly landfill. Photo by Darryl Malek-Wiley, Sierra Club

STINKING BUSINESS

One of the least obvious, but possibly the most important, casualties of the storm lies beneath the streets of New Orleans—a shattered sewer system, with flooded pumps and miles of broken pipes. For most of the city, this qualified as an icky problem with possible public health ramifications. But for one man, it was a chance to help a friend cash in.

Benjamin Edwards Sr. has served on the Sewerage & Water Board for more than a decade. A few weeks after Katrina, the board awarded the engineering firm Montgomery Watson Harza a $10 million contract to inspect the sewers and assess the damage. That company quickly gave out subcontracts including a $2.5 million subcontract to Management Construction Consultant Inc. (MCCI), which was formed by O.C. Coleman.

Coleman is the minister of Greater Light Ministries in the city's 8th Ward. Edwards is the minister of Third Shiloh Missionary Baptist Church in the 9th Ward. The two pastors claim that they don't do business together, however, records show that some of MCCI's employee timesheets were signed by a "B. Edwards." [96]

MCCI began sending invoices to the prime contractor, Montgomery Watson Harza, charging a rate of $90 to $106 per hour to visually inspect the sewers—i.e., lifting up manhole covers and looking inside. Yet Coleman's company did not incorporate as a business until three months later. When it did, it listed the address of an abandoned bank as its headquarters.[97]

The Sewerage & Water Board is still trying to get reimbursed by FEMA for the costs of those contacts. FEMA, however, has demurred, saying that much of the work done by subcontractors (including MCCI) won't be reimbursed because it lacks a "clear scope of work." [98]

Federal grand juries issued subpoenas in June 2006 for contracts relating to MCCI and Edwards, but no charges have been brought against Edwards or Coleman to date. The two men have said little about the investigation. "I don't feel I need to explain myself," Coleman told the New Orleans *Times-Picayune*,[99] while Edwards suggested that the inquiry is politically motivated.[100]

Old style water meter covers in New Orleans. Photo by Michelle Beaulieu. Licensed under Creative Commons

Another prime contractor, Nationwide Restoration Services, LLC, received a $2 million FEMA contract to dispose of debris from 35 flood-damaged public schools that the school district hoped to reopen quickly. Nationwide subcontracted some of the work to Shamrock Demolition Waste Haulers, which dumped more than 8,000 cubic yards of debris at another illegal landfill. The DEQ has estimated the clean-up cost at $500,000.[92]

Confronted with evidence of their subcontractors' misdeeds, both prime contractors stressed that their contracts specify that all debris must be brought to legal landfills that meet all state and federal requirements. However, the president of Nationwide admitted to the *Times-Picayune* that subcontractors were not required to produce receipts from permitted landfills, but were paid based on how many loads they hauled away.[93]

Harold Leggett of the DEQ's office of environmental compliance says that he expects to find more instances of illegal dumping used to cut corners on government contracts, but said the complex system of prime and subcontractors makes it difficult to figure out whom to blame. "That's the process we're in the middle of," Leggett said. "We have to work our way through that contracting hierarchy." [94]

Back at the Catholic Church, Reverend Nguyen says he's glad the DEQ is improving its enforcement. But he wishes the agency would also work on cleaning up the illegal dumps that they've shut down. "We don't want heaps of garbage to be the landmarks in our neighborhood," he says.[95]

REFINERIES: CLEANING UP BIG WITH HURRICANE AID

When Hurricane Katrina swept through St. Bernard Parish, to the east of New Orleans, it hit the aging Murphy Oil Refinery hard. The wind and water swept one tank off its foundation, and spilled about a million gallons of crude oil into the surrounding neighborhood.

Two years after Katrina, the neighborhood still isn't fully cleaned up. Murphy paid to remove the topsoil around the 1,700 contaminated homes, but some residents are still waiting for the replacement sod to arrive. Empty houses bear a faint brown line on their outside walls, marking the level that the contaminated water reached.

The damage suffered by the Murphy Oil Refinery during Hurricane Katrina should serve as a warning, says Anne Rolfes, director of the environmental group Louisiana Bucket Brigade. "They spilled a million gallons of oil—there's never been such a big oil spill in a residential area," Rolfes says. "The neighbors are basically guinea pigs. You just don't know what's going to happen to them," she says.[101] Rolfes says many of the residents around the Murphy refinery have complained of respiratory problems and high cancer rates for years.

There's never been such a big oil spill in a residential area

Oil spill at Murphy refinery in St. Bernard Parish. Photo by Bob McMillan, FEMA

But Louisiana state lawmakers are failing to act on the inherent danger of siting a refinery in a flood zone. Rather, they are using a federal recovery program to encourage oil companies to expand their refineries and build new petrochemical facilities.

In the fall of 2005, the U.S. Congress created "Gulf Opportunity Zone" (GO Zone) bonds to encourage businesses to invest along the Gulf Coast. The multi-billion dollar program gave the state governments of Louisiana, Mississippi and Alabama a bundle of tax-free bonds that they could assign to private businesses, which would in turn issue the bonds to finance repairs, new construction or expansions. Because the interest earned on the bonds is tax-free, businesses can get better interest rates from lenders.

When the first bonds were given final approval in April 2006, Louisiana state coffers brimmed with $7.8 billion of GO Zone bonds. Just over a year later, in July 2007, legislators were understandably alarmed to hear that the State Bond Commission had already committed all but $100 million of that amount, and still had $4.5 billion of projects that it had planned to approve. "The entire process has had dysfunctions all of the way," Jerry Luke LeBlanc, the governor's chief fiscal adviser, told the *Times-Picayune*.[102]

How did the money get spent so fast? It turns out the bond commission approved some of the richest corporations in America for the hefty bonds, elbowing out smaller companies that arguably were more in need of economic aid and incentives.

The Louisiana State Bond Commission had a $250 million-per-project cap, but waived that limit for both Marathon Oil Corporation and the petrochemical company U.S. TransCarbon LLC. Both companies were approved for $1 billion in GO Zone bonds. Another oil company, Valero Energy Corporation, has also applied for $1 billion in bonds, but that application is on hold while the commission tries to round up more money.

Both Marathon and Valero are seeking to expand their oil refineries at a time of skyrocketing demand around the world, and record profits for oil companies. For 2006, Marathon reported $60 billion in revenues. According to Marathon's CEO, the Louisiana refinery expansion will generate $350 million in new revenue each year, and that's a conservative estimate.[103]

Meanwhile, U.S. TransCarbon plans to construct a new facility to produce industrial grade carbon dioxide, which is pumped into partially depleted oil fields along the Gulf Coast to force up the "stranded" oil.[104]

Since it became clear in July that the GO Zone bonds were almost all used up, some state lawmakers have questioned the decisions of the bond commission, saying that it should have determined which projects would be built anyway, and saved the bonds for companies that really needed a boost to get their projects going.[105]

Other legislators questioned the program's priorities, suggesting that more bonds should have been assigned for residential and retail developments, or for locally-owned businesses. "You've just got a stamp" for approval, complained State Senator Joe McPherson, arguing that the bond commission should have been more discriminating in the projects it approved.[106]

Environmental groups are extremely disturbed by the government-aided expansion of refineries across the Gulf South, and say state funds would be better spent developing industries that do less harm to the environment and neighboring communities. "This, to me, is Louisiana and the oil industry at its worst," says Rolfes.[107]

Besides, says Becky Gillette of Sierra Club's Mississippi Chapter, the oil companies would probably expand even without government aid, because it still makes good business sense. She is opposing the proposed expansion of the Chevron refinery in Pascagoula, which is not being financed by GO Zone bonds. "No one wants a new refinery in their town, so the strategy is to expand them in towns that are already used to breathing the fumes," she says.[108]

MULCHING THE CYPRESS SWAMPS

Since Katrina, there has been much talk of protecting Louisiana's eroding coastal wetlands, which provide a buffer against hurricanes. The swamps south of New Orleans are anchored by cypress trees adapted to habitual flooding: The forests are known to slow and diminish storm surge as it sweeps towards the city. The tall cypress trees in the Atchafalaya Basin, sometimes called "the American Amazon," are draped in Spanish moss, and birds dive down to feed on the crawfish in the bayous.

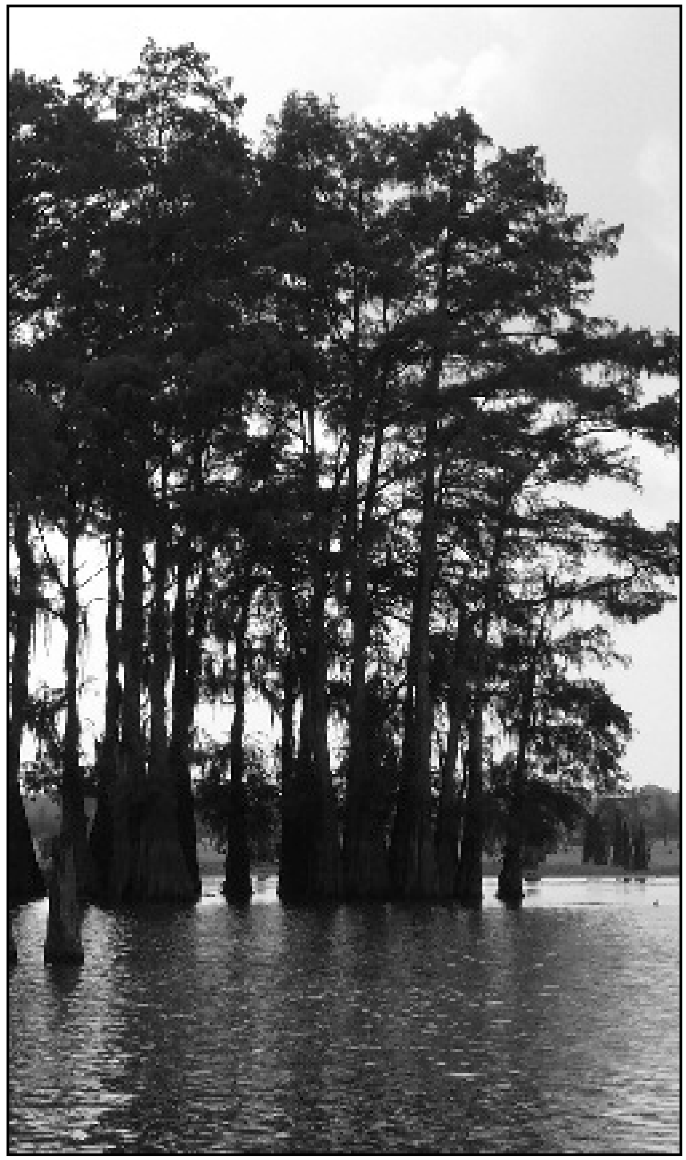
But volunteers for the Atchafalaya Basin Keeper haven't found actions to match the talk of coastal preservation. When volunteers followed lumber trucks rumbling away from clear-cut cypress forests on the coast, they were led to sawmills that turn out mountains of garden mulch.[109]

Environmental groups say that forestry companies have depleted the old growth cypress in Florida, and are shifting their work to Louisiana. "That's where most of the remaining old growth cypress forests are," says Dan Favre of the Gulf Restoration Network. "It also happens to be where they're most needed for natural storm protection."

"After the storm, it became a lot more clear to a lot more people: protecting our wetlands is protecting our homes," says Favre. "That point was driven home very strongly."

The Gulf Restoration Network is targeting Home Depot, Lowe's and Wal-Mart, the three biggest sellers of cypress mulch, and is pressuring the companies to live up to their rhetoric on environmental responsibility and sustainability. It is particularly offensive to sell cypress mulch in stores along the Gulf Coast, says Favre.

"These three companies have given donations to the groups that are rebuilding, but at the same time they're destroying the natural barriers that will prevent this from happening again," says Favre. "It's hypocritical."



Atchafalaya cypress trees. Photo by Sarah Smail, Flickr

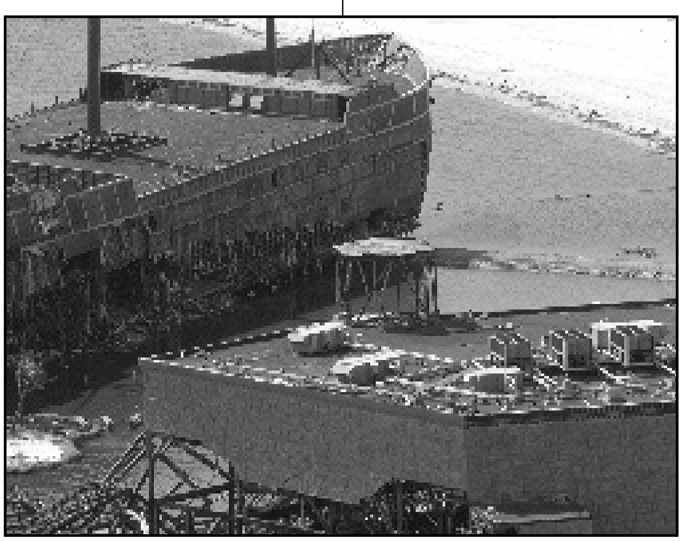
Photo: Mississippi Development Authority

PART THREE: REVIVAL?

CASINOS: GAMBLING BONANZA

Standing inside the Beau Rivage Resort and Casino in downtown Biloxi, Mississippi, you'd never guess that you are at the epicenter of a town that lost over 5,000 homes in the flood.[110] In the crowded lobby, guests drift past lush banks of flowers toward the retail promenade, where a store called the "Jewelry Box" displays Rolex watches, gold chains and flashy rings. Inside the gaming rooms, business is booming: Players pack the high stakes poker rooms and the aisles lined by 25 cent slot machines.

Just blocks away, the working class neighborhood of East Biloxi is still a wasteland of bare concrete slabs, where homes were washed entirely off their foundations. On many lots, front steps lead to nowhere. Local activists say that government assistance has been very slow in coming to this community, which was primarily populated by low-income African-Americans and Vietnamese.



Treasure Bay casino in Gulfport, Mississippi, after Hurricane Katrina struck. Photo by Mark Wolfe, FEMA

Across the Gulf Coast, examples of the uneven recovery are everywhere. In most towns, families and businesses with private resources are rebuilding, while the poor are often still waiting for the government assistance they were promised. Nowhere is this contrast more glaring than in Biloxi, Mississippi.

Before Katrina, Biloxi's casinos were confined to the water; built on barges that floated in the Gulf. This arrangement was a political compromise designed to assure religious organizations that legalized gambling would not spread beyond Mississippi riverboats and barges on the Gulf. But the storm ripped the barges from their moorings and sped them across the beach and highway, where several crashed into buildings. After surveying the wreckage, several casino operators refused to build new barges that would be vulnerable to future storms, and urged the state to find another solution. [The legislature] needs to send a message, "We love you and we want you," the president of Isle of Capri Casinos Inc., told the *Clarion Ledger*.[111]

One month after the storm hit, Mississippi governor Haley Barbour called a special legislative session to plan for the state's recovery. One of the first items of business was the passage of a bill allowing casinos to move their gaming rooms onto dry land as long as they stayed within 800 feet of the water's edge. This legislation allowed Biloxi's casinos to move their gaming operations into the hotels and resorts that stood across the waterfront highway. The casino companies reached into their deep pockets and made speedy renovations; three casinos reopened for business before the end of 2005.

Meanwhile, Biloxi residents were waiting to hear how Mississippi would parcel out the $5.1 billion federal block grant. But the first grant program the state announced left out most of the people in East Biloxi. It only applied to homeowners located outside the flood plain who had homeowner's insurance. "They didn't address the immediate needs of the common people, who had the fewest resources to help them recover," says James Bui of the Vietnamese activist group Navasa.[112] Faced with persistent criticism, the state began a second phase of the grant program in June 2006, which offered grants to all low-income homeowners with flood damage.

State legislators have said that they gave immediate attention to the casinos in order to boost Biloxi's economy. No one argues with the gaming industry's importance to the local and state economies. Before Katrina, the Biloxi and Gulfport casinos employed about 14,000 people and were providing state tax revenues of $500,000 per day.[113] But critics worry that economic development policies that favor casinos end up hurting locally owned small businesses.

"The casinos are the root of this urban sprawl inducing, big-box-building period of economic growth that brings along environmental damage and small business dislocation," says Derrick Evans, who helped found the Steps Coalition, a network of activist groups that came together after Katrina.[114] "You can't even buy a real, home-cooked barbecue sandwich in Biloxi. You have to go to the casino and get it at the buffet," he says.

The Biloxi casinos have made record profits in the past year, as contractors with money to burn spend their evenings at the new Hard Rock Casino, or the deluxe Beau Rivage.[115] But the industry clearly thinks there's still plenty of room in the market. In mid-August, construction workers broke ground on the new Margaritaville casino and resort, a 46-acre complex of shops, restaurants and entertainment facilities. The project, which is expected to cost upwards of $700 million, is a joint venture between pop star Jimmy Buffett, a favorite son of Mississippi, and Harrah's Entertainment. Based in Las Vegas, Harrah's earns billions in revenues from casinos, hotels and golf courses around the country. According to the company website, the $700 million Margaritaville Casino and Resort project "is the first phase of a development that will represent an investment of more than $1 billion when completed."

Margaritaville is going up in East Biloxi, at the foot of Oak Street, the heart of Biloxi's Vietnamese community, and home to both its Catholic Church and its Buddhist Temple. Yet Biloxi city council members and Harrah's officials have recently discussed the possibility of closing Oak Street to cars, in order to offset the new traffic brought in by the casino.

Bui says the small businesses along Oak Street don't know how much energy they should put into trying to rebuild. "They want to stay, but the signals they're getting from the government is, "We're waiting for Harrah's, which will be our savior. Don't talk to us," he says.[116] Bui says most small business owners are waiting nervously to see if the new, rebuilt Biloxi still has a place for them.

LABOR: MIGRANTS EXPLOITED, LOCALS IGNORED

By Sam Finn Cate-Gumpert and Amelia Hight

In the immediate aftermath of Hurricane Katrina, flamboyant Louisiana developer F. Patrick Quinn III looked over the ruined city and saw opportunity. He anticipated the need for workers as well as sites for the thousands of trailers that FEMA intended to use to house evacuees. By the December after Katrina hit, the owner of Decatur Hotels had (or was in the process of buying up) six new properties.

He was certainly not hurt by good connections. His wife is a state senator, his son was the state Republican Party director

Immigrant workers clear up Hurricane Katrina debris in Biloxi, Mississippi. AP Photo: Marcio Jose Sanchez

and he was able to turn to the powerful Shaw Group for help securing federal contracts.

Quinn courted the image of a man who could help himself to an opportunity and help New Orleans rebuild at the same time. Dreaming of becoming the Donald Trump of New Orleans, according a *New York Times* profile, he rapidly acquired property and now owns a dozen luxury hotels in the area. He also acquired a lawsuit for illegal labor practices and a reputation as a "scalawag" (a Southern U.S. term that translates loosely as "rascal").

Decatur Hotels is one of many corporations that now stand accused of allegedly withholding wages; intimidating employees; providing toxic and hazardous working conditions; and engaging in trafficking, exploitation and monetary extortion from migrant workers.

"WILD, WILD WEST"

At a recent U.S. Congressional hearing, Dennis Kucinich, a Democratic Congressman from Ohio, described a "wild, wild West" environment where "the interplay of labor law suspensions, an influx of workers, huge contractors, and non-enforcement of labor law created an environment . . . [created] virtual lawlessness in New Orleans."

"In addition to getting cost-plus and no-bid contracts, corporations receiving federal contracts and subcontracts also benefited from the suspension of many labor laws and the non-enforcement of others," said Kucinich.

In one of the more well-known cases, brought forward by the Southern Poverty Law Center (SPLC), a company called Belfor USA Group Inc. agreed to pay 163 workers unpaid overtime wages totaling $223,000. The workers who were hired by Belfor subcontractors worked 12 hour days, 7 days a week helping with cleanup efforts in Louisiana, Mississippi and Alabama.[117]

A study conducted by the SPLC's Immigrant Justice Project found that even when workers knew that they were being abused, they did not know where to file complaints or seek redress. Jennifer J. Rosenbaum, an attorney at SPLC, reported that the U.S. Department of Labor, Wage and Hour Division (DOL-WHD) was largely inaccessible to the workers, and that it failed to make staff available, communicate with workers in their native language or to record and report complaints.[118]

Indeed, Kucinich noted at the U.S. Congressional hearing that "the number of DOL investigations in New Orleans decreased from 70 in the year before Katrina to 44 in the year after Katrina, a 37 percent decrease."

The DOL was not the only federal agency whose actions undermined labor rights. On September 8, 2005, President Bush suspended the Davis-Bacon Act in Hurricane Katrina-damaged areas of Alabama, Florida, Louisiana and Mississippi. That act, which had been in effect since 1931, requires that all workers employed in federally-financed construction be paid minimum wage. The act was reinstated after two months and much protest, but not before many workers received sub-standard wages.

The Occupational Safety and Health Administration also did a bad job according to a report by the Government Accountability Office, which concludes that the agency did not fully meet the safety and health needs of emergency response and recovery workers.

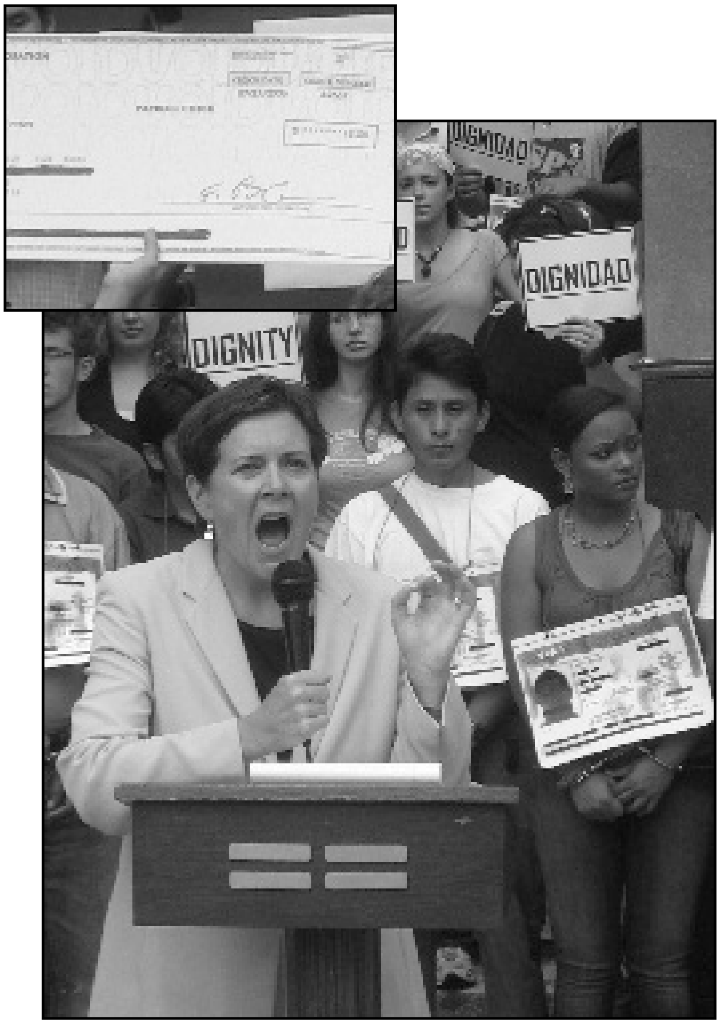
Likewise, the Department of Homeland Security announced on September 6, 2005, that it would suspend employer sanctions for 45 days for those hiring immigrants who could not prove they were eligible to work in the country.

EXPLOITING LOOPHOLES

With this lax regulatory environment in place, some business owners like Quinn decided to take advantage of the existing guest—worker program. The prospective employers ran ads in the local newspaper for three consecutive days, as required under the law. Not surprisingly, considering the chaos, they drew limited response, which then freed up the employers to import workers. But, in reality, many qualified workers never saw the ads: "Local U.S. workers, mostly African Americans," SPLC charged, "had previously worked in this industry in New Orleans and were available to do so again."[119] In August 2005 official unemployment rates had hit 8.9 percent in the city, while those in the surrounding suburbs were at 16.8 percent.[120]

But with few replies to their ads, the companies took advantage of the H-2B visa rules to import Latin American workers despite the fact that this program only

One worker told *Time magazine* that he averaged less than 24 hours a week. Another produced a two-week pay-stub for just $18.08.



Mary Bauer, Southern Poverty Law Center, speaks at a rally of Decatur workers, after filing lawsuit. Photo by Scott, New Orleans Indymedia

applies when there are no U.S. laborers available to do the job. After Katrina, some 50,000 workers, mostly from Bolivia, the Dominican Republic and Peru, came to the flooded region to help with the rebuilding and clean-up efforts.

Recruiters promised the migrants lucrative jobs, good working conditions and comfortable housing. Even before these foreign H-2B workers left their home countries, many paid out $3,000 to $5,000 to these middlemen along with government fees and airline fares for the chance to work in the United States. A number of them went deeply into debt, but expected that with wages of $6 per hour and a 40-hour work week, plus housing and possible overtime included, they would return home in a year with a modest nest egg. Instead, many got little work and paid high rent on squalid quarters, where they were sometimes cramped four to a room.

One worker told *Time* magazine that he averaged less than 24 hours a week. Another produced a two-week pay-stub for just $18.08. Deeply in debt and bitterly disappointed they sat, three or four to a small room, waiting. And waiting. The terms of their visas bound them to the company that hired them and prevented them from seeking additional work.

The travel costs, fees, living costs, poor hours and bad pay meant that the guest workers ended up earning far less than minimum wage. This violation of worker protection guaranteed under the federal Fair Labor Standards Act became the basis of a lawsuit brought by the Southern Poverty Law Center against Quinn and Decatur Hotels LLC.

In May 2007 the Eastern District of Louisiana ruled against Quinn, and in favor of 82 H-2B workers. The ruling means that employers must reimburse workers for the fees they pay for travel and associated costs. The judge has yet to decide how much the company will have to pay in damages.

SMALL BUSINESS CONTRACTS

By Amelia Hight

Two years after Hurricane Katrina hit the Louisiana coast, federal agencies continue to award lucrative contracts to large corporations rather than to small local businesses.

At an August 2007 U.S. Congressional hearing of the Small Business Committee of the U.S. House of Representatives, Congresswoman Nydia Velázquez, the committee chair, voiced her dissatisfaction with the federal government. "At this point, I would expect less lip service and more action," said the New York Democrat. "The testimony does not focus on specific and measurable ways to include these local small businesses in the rebuilding effort."[121]

According to federal procurement law, at least 23 percent of contracts granted by the U.S. government must benefit small businesses, whose definition varies by industry.[122] Contracts granted to small businesses are intended to create jobs, develop communities and ensure a competitive marketplace, all of which are considered important in an area recovering from a major disaster.

The committee staff's recent research finds that only 7.4 percent of Katrina contracts granted by FEMA from May to August have gone to small businesses, down from 12.5 percent in April. Similar patterns were observed for other major government agencies working in the Gulf Coast.

"We heard testimony from these six agency heads in April and each and every one promised to do more work with the local small firms," Velázquez said. "Well here we are, four months later, and it is clear that these agencies still aren't working with the Gulf Coast small businesses. Instead, they are actually taking money away from these entrepreneurs, or giving small businesses low dollar work, hindering the region's ability to fully recover even more."[123] (The other five agencies are the Army Corps, Departments of Homeland Security, Defense, and Veterans Affairs and the Small Business Administration.)

For example, the Department of Homeland Security reported that 259 contracts worth $95 million earmarked for small business contracts actually went to large companies and other entities not meeting the definition of small business.[124]

In Katrina's wake, FEMA said that the reason that small businesses got few contracts (and for the surge in no-bid contracts) was to "get the job done quickly" and by the need to cut down on paperwork.

Two years later, the same excuses are drawing skepticism and anger. Velázquez castigated the agency officials who testified, saying: "These agencies need to understand that this is not about making it look like they are working with the local small businesses. It is about making the Gulf Coast small firms the centerpiece of this recovery."

Congresswoman Nydia Velázquez, Democrat from New York. Photo by Sage Ross. Licensed under Creative Commons

Warehouse in Biloxi, Mississippi two years after Hurricane Katrina struck. Photo by Eliza Strickland

Cancer Alley plant. Photo by Emily Pawley, Flickr

RECONSIDERING THE RUSH TO REBUILD THE BIG EASY

By Azibuike Akaba

Slowly, people are returning to New Orleans. An estimated 67 percent of the city's nearly half million pre-Katrina population is back. But many residents are desperate, and violent crime is on the rise.

"We are living on the frontier," says Pam Dashel of the Louisiana Bucket Brigade, a nonprofit environmental health and justice organization founded in 2000. "We've barely got the basics—gas, water and electricity. There are no shops, schools or grocery stores. There is no neighborhood."[125]

The call to rebuild the city echoes across the political spectrum. Poor peoples' organizations, local politicians, liberal advocates and dubious developers alike all want the city to rise again and cite its rich cultural heritage and historical importance.

But they differ sharply over how and for whom New Orleans should be rebuilt: as a Creole-flavored theme park for conventioneers, just as it was before the storm, or as a model of green development. Chuck Perkins, a fourth generation Louisianan and a Katrina survivor, says as long as his family is safe he will stay. "The government should use New Orleans as a model city to better prepare for storms, to ensure that a disaster like this never happens again."[126]

Largely left out of the discussion is whether—given the area's history of hurricanes, the vulnerability of the levee system, the fact that the land is sinking further below sea level every year and the contamination of large areas with toxics—parts of the city should be abandoned as residential areas.

CHANGING CLIMATE, NEW DEMOGRAPHICS

New Orleans sits precariously below sea level, within ten miles of a coastline that has been repeatedly battered by major hurricanes: Rita in 2005, Camille in 1969 and Betsy in 1965. But it was the enormity of Katrina that brought home the danger of the kinds of extreme weather events that climate change—including warming and rising seas—has made not only more common, but more damaging. Indeed, New Orleans is one of many coastal cities in the United States and around the globe facing similar climatic threats every year.

Meanwhile the storm has already wrought the kind of profound cultural and demographic changes that ensure there is no going back to pre-Katrina days. According to the 2000 census, the per capita income of $17,258 in the city left 28 percent of the population and almost a quarter of families below the poverty line. The number of poor under age 18 is even higher at 40 percent.[127]

Before Katrina, the city was 67 percent African American, 28 percent white and 3 percent Hispanic. Today's population is 76 percent black, only 19 percent white and 1.4 percent Latino. One reason for the rise in the percentage of black people is that many cannot afford to leave the city because they lack the economic resources, such as insurance policies and savings, to withstand major losses caused by episodic climatic events. Many who fled temporarily to shelters, trailers or higher ground have returned to wasted land and rebuilt in the very same locations devastated by wind damage and flooding.

The land they returned to is cheap, often toxic, and the residents lack the political influence to force clean up. This phenomenon—the de-facto segregation of minorities onto dangerous and contaminated land—has been dubbed "environmental racism."

"More poor people are living by these hazardous facilities and thus bear an additional burden. Catastrophic climatic events like hurricanes or flooding aggravate these substandard living conditions.

The U.S. Center for Disease Control reports that the national average of cancer deaths per 10,000 people is 199.8. In Louisiana, the number is 230.4. The state's cancer mortality rate ranked second highest in the nation in 2003. And African Americans are more likely than whites to have and die from lung, colorectal, breast and prostate cancers—all of which have been linked to prolonged chemical exposure.[140]

The problem is this privileged American society that continues to live unsustainably," Dr. Beverly Wright stated in a recent report: "Toxic Wastes and Race at Twenty 1987-2007."[128] Wright, a Hurricane Katrina survivor, is a sociologist and director of the Deep South Center for Environmental Justice at Tulane University.

The same levees that we built to protect us from the storms are the very same levees that increase our risk to storms and make us more vulnerable

CANCER ALLEY

Environmental racism is most evident in the low-lying coastal areas that are part of Cancer Alley, which starts in New Orleans along Lake Pontchartrain and runs parallel to the Mississippi toward Baton Rouge, in the southeastern part of the state. The corridor is home to seven oil refineries and approximately 260 heavy industrial plants. Together, they produce staggering quantities of waste, much of which is treated on-site or spewed into the environment.[129]

These facilities, as vulnerable to heavy storm damage as any home, are disasters waiting to happen. But when they are damaged by major impacts from storm surges and flooding, they can contaminate drinking water, soil, air and public health. According to a 2007 study by Urban Environmental Report: "[a]pproximately 21.6 percent of New Orleans's population is more susceptible to environmental degradation than the general public that lives in non-hazardous zones."[130]

Hurricane Katrina also highlighted the environmental danger from the massive proliferation of pipelines extending from the offshore oil exploration rigs, above ground storage tanks and some 260 industrial facilities within a seven-mile radius. Cancer Alley's tangled web of facilities is not built for or rated as hurricane proof and is completely open to wind and water damage.

Many parts of New Orleans were contaminated after Katrina with toxic sludge, according to Wilma Subra, a MacArthur Foundation Genius Award-winning toxicologist. The U.S. Environmental Protection Agency (EPA) issued a report in September 2005 that concluded the sludge samples taken in the flooded areas contained more than 183 toxic chemicals.[128] Independent testing by National Resources Defense Council and Subra's lab confirmed there were high levels of arsenic, lead and dangerous petroleum compounds.[129] In spite of the controversial results, the EPA and Louisiana Department of Environmental Quality (DEQ) cleared the city for rehabilitation.[133]

Even if the pollution can be controlled and cleaned up, there is still the problem of the land itself. Before Hurricane Katrina hit the Gulf coast, the coastline was eroding at a rate of 25-35 square miles per year.

New Orleans' growth over time as a port, industrial center and tourist attraction has increased its vulnerability to the environment. According to Dr. van Heerden, a Louisiana State University professor who directs the Center for the Study of Public Health Impacts of Hurricanes: "The draining of marshes and expansion of the levee system has accelerated the natural sinking process that happens in any river delta area."

Hurricane Katrina removed 175 square miles of important wetlands that form a natural buffer zone with important implications for how fast the city falls below sea level. A United States Geological Survey (USGS) study found that New Orleans is sinking more than three feet per century. Currently, New Orleans, on average, is eight feet below sea level and drops off to 11 feet in some places.[134]

Approximately 30 percent of the land losses in coastal Louisiana are from natural causes, according to the Army Corps: "The remaining 70 percent are attributable to man's effect on the environment, both direct and indirect." [135]

The Army Corps and the Louisiana Department of Natural Resources put together a feasibility study for a wetlands restoration project that would cost $17 billion dollars and last 30 years. Many think it is unlikely that the U.S. Congress will approve the funding.

At this rate, many of the low-lying barrier islands outside New Orleans will disappear by 2050 and the city itself may not be far behind. In 2004, Dr. Chip Groat, director of the USGS in Washington, D.C., predicted that, "With the projected rate of subsidence [the natural sinking of land], wetland loss, and sea level rise, New Orleans will likely be on the verge of extinction by this time next century." [136]

The effects of the sinking may be exacerbated by erosion from more frequent and intense hurricanes. As climate change heats the surface temperature of our oceans, the wind velocity of tropical storms tends to increase. "Thus we have hurricanes on the scale of Hurricane Katrina," said Dr. Ben Santer of the Lawrence Livermore Labs at University of

Baton Rouge skyline. Photo by Emily Pawley, Flickr

California-Berkeley. In September 2006 Santer predicted that there is an 85 percent higher probability of increasing intensity and frequency of hurricanes and cyclones in the near future.[134] A February 2007 Intergovernmental Panel on Climate Change report reached the same conclusion.[138]

The task of building levees to protect below sea-level land and withstand intense storms is a daunting challenge. But even leaving aside cost and engineering feasibility, some experts warn that fortifying the city will not solve the problem. New Orleans will continue sinking and the sea will continue to rise, endangering homes; services such as hospitals and schools; and businesses including tourism, fishing, agriculture and energy industries.

If the scientists are correct, the odds are getting slimmer that the coast will be a safe place to live. Indeed, it may even be worse than that. "The same levees that we built to protect us from the storms are the very same levees that increase our risk to storms and make us more vulnerable," warns Forest Bradley-Wright, a Green Alliance energy efficiency consultant and Sustainable Rebuild coordinator. By impacting wetlands that can absorb storm surges and promoting erosion, the levees themselves are part of the problem.[139]

This process means that people on lower land and those stuck near hazardous facilities will be even more vulnerable than before Katrina.

WHO PLANS FOR THE FUTURE?

But it will probably not be the scientists or the poor who set the course and priorities for reconstruction. Developers and private investment are dominating the agenda in determining what the city is going to look like in the next 20 years. There are a few major corporations that are driving the planning, such as the Hyatt hotel chain and the Trump real estate empire, among others.[140]

Even as corporations and wealthier, predominantly white, citizens shape the redevelopment of New Orleans, the media, many Democrats and the left have defined advocacy for the economically marginalized communities in terms of access to land and redevelopment monies, which they say should be shared proportionately with poor communities. While such advocacy may appear to respect Katrina's displaced victims, who are predominantly black, it fails to serve their long-term interests.

The reason is that while humans may discriminate, nature does not. Simply put, what is good for a rich white community in the Garden District (money to rebuild and return) is not necessarily good for a poor community in the ruined 9th Ward. The wealthiest can gain security by relocating to higher areas, but the only option left to most people is building on the cheaper and more vulnerable lower ground.

For example, Canadian author Naomi Klein has promoted an interesting idea in an article in the *Guardian* (UK), "Power to the People," suggesting that reconstruction money should be divided up evenly and paid directly to the displaced residents.[141] Then they can choose where they want to live—which might be a safer place far away from eminent danger. But this may not be sufficient, because it also allows people to return to the very same vulnerable areas because they are affordable. The scheme fails to include the price of other considerations including insurance rates, rescue services, levees enhancement and so forth.

Missing house in Biloxi, Mississippi. Photo by Eliza Strickland

One controversial proposal is to turn parts of the city's low-lying areas into a flood plain, a greenway/park, and give the former residents the support and resources to rebuild on safer, higher ground. This plan is supported by a subcommittee established by New Orleans mayor Ray Nagin, the Bring New Orleans Back Commission, and by some national environmental groups.[142] This designated open space would be part of a natural buffer system that would protect the city from storm surges and reduce the population in areas threatened by seasonal storms.

Responsible progressives have failed to educate the most vulnerable communities on the extent of the dangers posed by resettling in New Orleans's threatened and toxic lower lands. And we have failed to shift our advocacy to demanding a more effective reallocation of resources. Taking note that the general public can no longer rely on governmental intervention during these types of disasters, we have to create our own storm and heat wave emergency plans, communications, shelters and storage facilities. These should be allocated according to the most vulnerable neighborhoods, wards or districts.

"We are going to have to find a way to live in harmony with nature and learn from it." says Bradley-Wright, "because it is no longer man against nature, it is going to be person against person."

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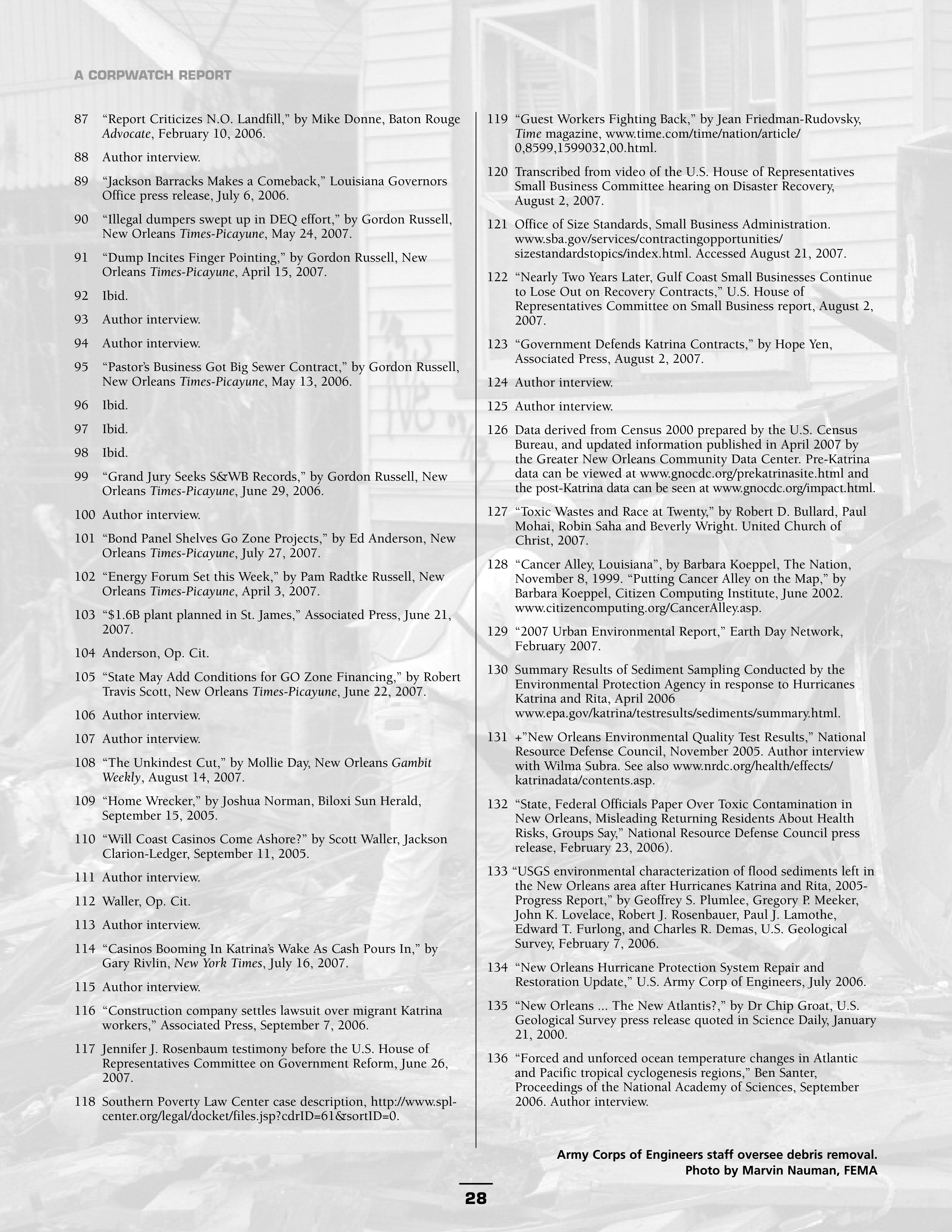

Army Corps of Engineers staff oversee debris removal. Photo by Marvin Nauman, FEMA

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